

# **PUBLIC DISCLOSURE**

September 3, 1996

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Fayette County Bank  
RSSD #486248

St. Elmo, Illinois 62458-0038

Federal Reserve Bank of St. Louis

P.O. Box 442

St. Louis, Missouri 63166-0442

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Reserve concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of*

**Fayette County Bank**, prepared by the **Federal Reserve System**, the institution's supervisory agency, as of September 3, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

Fayette County Bank meets the standards to receive a satisfactory rating. The loan-to-deposit ratio is considered reasonable, given the institution's size, financial condition, and assessment area credit needs. A majority of the bank's loans are within its assessment area, and the distribution of loans reflects a reasonable penetration among individuals of different income levels and businesses of different sizes.

The following table indicates the performance level of the bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Fayette County Bank PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	This analysis is not relevant. See page 5.		
Response to Complaints	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

Fayette County Bank is located in St. Elmo, Illinois, and is owned by Fayette County Bancshares, a one-bank holding company. The bank has a main office and no branch locations; it has total assets as of June 30, 1996, approximating \$15.5 million. The bank's primary lending products include unsecured and secured consumer loans, commercial loans, and residential real estate loans. Fayette County Bank is the only bank in the town of St. Elmo; however, there are other competing financial institutions located in small towns and larger communities surrounding the bank.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank's assessment area is defined as Block Numbering Areas (BNAs) 9505 and 9511 in Fayette County, Illinois. The assessment area has a population of 5,849 based on 1990 census information. The City of St. Elmo is located within the two assessment area BNAs. Both BNAs are classified as middle-income, which is defined as a median family income between 80.0 to 120.0 percent of the nonmetropolitan median family income, for the State of Illinois based on the 1990 census. The 1990 nonmetropolitan median family income was \$29,694 and the assessment area median family income totaled \$28,018. The 1995 estimated nonmetropolitan median income was \$34,900.

Based on information provided by an outside contact, the local economy has exhibited limited growth. Residents of St. Elmo generally commute to work in other larger communities such as Effingham, Illinois. Residents also work in larger businesses within the community, including a Nabisco cookie factory, a natural gas company, and two large greenhouses. Small businesses also provide some employment base to area residents.

## **CONCLUSIONS WITH RESPECT TO THE PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Since the previous examination dated November 15, 1994, the bank's seven quarter (December 31, 1994 - June 30, 1996) average loan-to-deposit ratio was 54.3 percent. The ratio has remained relatively stable during that time and is comparable to other local financial institutions' ratios, ranging from 46.6 to 85.7 percent.

### **Lending within the Assessment Area**

A majority of the bank's loans were originated within the assessment area. Based on the two primary lending products reviewed (personal and commercial loans originated during the six-month period ended August 31, 1996), 83.6 percent of the loans were located within the assessment area.

The following chart identifies, by loan type, the loans inside/outside the assessment area.

#### **LENDING WITHIN ASSESSMENT AREA**

	Sample	Inside Assessment Area	Percent	Outside Assessment Area	Percent
Personal Loans	88	74	84.1%	14	15.9%
Commerci al Loans	34	28	82.4%	6	17.6%
<b>TOTAL</b>	<b>122</b>	<b>102</b>	<b>83.6%</b>	<b>20</b>	<b>16.4%</b>

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The bank=s lending to borrowers of different income levels and to businesses of different sizes within the assessment area is considered reasonable. The table below reflects the borrower income characteristics for the bank=s personal loans and includes only loans where income information was available in the credit file.

In determining the borrower=s income classification, the 1995 estimated nonmetropolitan median income was utilized, as made available by the Department of Housing and Urban Development. The chart shows that the bank=s percent of lending to low-income individuals closely approximates the percent of such individuals within the assessment area.

While the percent of loans to moderate-income individuals is less than the population percentage, there is penetration within the income category at a reasonable level.<sup>1</sup>

### DISTRIBUTION OF LENDING BY BORROWER INCOME

	Total Number	Low-Income		Moderate- Income		Middle-Income		Upper-Income	
		Numbe r	Percen t	Number	Percen t	Numbe r	Perce nt	Numbe r	Percen t
Personal Loans	70	16	22.8%	21	30.0%	20	28.6%	13	18.6%

<sup>1</sup>Low-income is defined as individual income or, in the case of a geography, family income that is less than 50 percent of the statewide nonmetropolitan median family income.

Moderate-income is defined as individual income or, in the case of a geography, family income that is at least 50 percent and less than 80 percent of the statewide nonmetropolitan median family income.

Middle-income is defined as individual income or, in the case of a geography, family income that is at least 80 percent and less than 120 percent of the statewide nonmetropolitan median family income.

Upper-income is defined as individual income or, in the case of a geography, family income that is 120 percent or more of the statewide nonmetropolitan median family income.

	Total Number	Low-Income		Moderate- Income		Middle-Income		Upper-Income	
		Numbe r	Percen t	Number	Percen t	Numbe r	Perce nt	Numbe r	Percen t
<b>Population</b> <sup>2</sup>			19.6%		18.5%		23.5%		38.4%

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<sup>2</sup>Population percentages reflect income level characteristics of the assessment area, and are based on 1990 State of Illinois nonmetropolitan median family income census data.

The following table reflects the level of lending to businesses of different sizes. For classification purposes, business size is identified by gross revenue of the business entity. Businesses with gross revenue of less than \$1.0 million are considered small businesses. <sup>3</sup>Although there is no data for comparative purposes, the percentages generally appear reasonable.

Income Classification	Number	Percentage
Small Business	18	64.3
Large Business	10 <sup>4</sup>	35.7

### **Geographic Distribution**

The two BNAs in the bank=s assessment area are classified as middle-income; therefore, a geographic distribution analysis would not provide any relevant data.

### **Review of Complaints:**

No complaints were received since the prior examination.

### **Additional Information:**

A fair lending review was performed to assess compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No violations of the substantive provisions of these laws and regulations were identified.

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<sup>3</sup>Gross revenue was not identified for all commercial loans reviewed; however, the business size information was obtained based on financial information in the credit file and discussion with management.

<sup>4</sup>All 10 loans classified as large business are multiple loans to the same business entity.